Real Property Assessment

Exemption Information

Purpose

This document was prepared by the Real Property Assessment Division of the City Department of Budget and Fiscal Services to assist Oahu property owners seeking information on home exemptions. It explains how to qualify for exemptions which reduce the net taxable assessed value of the property used in determining the property tax.

Background

The first home exemption law was enacted in 1896 by the Republic of Hawaii to provide some tax relief, encourage home ownership and the settlement of land. In 1896, the home exemption amount was $300.

Currently, the basic home exemption is $40,000. This means that $40,000 is deducted from the assessed value of the property and the homeowner is taxed on the balance. For homeowners 55 years and older, additional home exemptions are permitted and these are explained in the section, "Multiple Home Exemptions for Senior Citizens."

Who Qualifies for the Home Exemptions?

You are entitled to the home exemption if:

1) You own and occupy the property as your principal home ("real property owned and occupied as the owner's principal home" means occupancy of a home in the city with the intent to reside in the city. Intent to reside in the city may be evidenced by, but not limited to, the following indicia: occupancy of a home in the city for more than 270 calendar days of a calendar year; registering to vote in the city; being stationed in the city under military orders of the United States; and filing of an income tax return as a resident of the State of Hawaii, with a reported address in the city;

2) Your ownership is recorded at the Bureau of Conveyances, State Department of Land and Natural Resources, in Honolulu on or before September 30 preceding the tax year for which you claim the exemption. In the case of a lease, the document must indicate that the lessee has a lease for residential purposes for a term of five years or more and will pay all property taxes;

3) You file a claim for home exemption (Form BFS-RP-P-3) with the Real Property Assessment Division on or before September 30 preceding the tax year for which you claim the exemption.

Single Home Exemption

The law allows just one (1) home exemption; if a husband and wife live apart and own separate homes, each shall be entitled to one-half (1/2) of one exemption or to an exemption apportioned between their respective homes in proportion to the assessed value.

Multiple Home Exemptions for Senior Citizens

The multiple home exemption was established to lighten the tax burden for senior citizens who have relatively fixed retirement incomes. The amount for the multiple exemption is automatically calculated based on the owner's date of birth.

The multiple home exemption is determined as follows:
For those age 55 to 59, the multiple home exemption is 1.5 times the basic home exemption.
(1.5 x $40,000 = $60,000)

For those age 60 to 64, the multiple home exemption is 2 times the basic home exemption.
(2 x $40,000 = $80,000)

For those age 65 to 69, the multiple home exemption is 2.5 times the basic home exemption.
(2.5 x $40,000 = $100,000)

For those age 70 and older, the multiple home exemption is 3 times the basic home exemption.
(3 x $40,000 = $120,000)

To qualify for the multiple home exemption in each age category, a taxpayer must reach that respective age on or before June 30, preceding the tax year for which the exemption is claimed.

In Lieu Of Home Exemption For Homeowners Age 75 Years And Older Whose Household Qualifies As Low-Income

Purpose: Exemption for real property owned and occupied as the owner's principal home whereby the owner is age 75 years or older and the total household income qualifies as low-income.

When To File: On or before September 30th preceding the tax year. For example, if you file for the exemption on or before September 30, 2005, it will apply to the tax year that begins July 1, 2006, and ends on June 30, 2007. The exemption for qualified applicants will appear on the Real Property Assessment Notice mailed to you on December 15, 2005, and will also be included in the tax calculation and tax bill mailed to you on July 20, 2006.
To receive this exemption each year you must file annually.

What To File: • Form BFS-RP-P-4, Claim For Exemption; if you currently do not have a home exemption, you must also file Form BFS-RP-P-3 (Home Exemption).
• Copy of Federal or State income tax return; if none was filed, then complete Form BFS-RP-P-4A, Household Income Declaration.
• Form BFS-RP-P-4B, Permission To Release Information
• Copy of Federal Form SSA-1099, Social Security Benefit Statement, which shows the total Social Security benefits paid to you last year.
• The forms and instructions are available at the Real Property Assessment Division and on the Internet at www.honolulu.gov/rpa/form.htm . You can also request the forms by calling the telephone numbers listed below.

Exemption Amount: The exemption amount is deducted from the property's value. To qualify for this exemption, you must be 75 years or older on or before June 30 preceding the tax year for which the exemption is claimed and the household income does not exceed the low-income limits established by the United States Department of Housing and Urban Development.

Age 75 to 79	$140,000
Age 80 to 84	$160,000
Age 85 to 89	$180,000
Age 90 and over	$200,000

Where To File: Real Property Assessment Division
842 Bethel Street, Basement
Honolulu, Hawaii 96813
Telephone: 527-5510 or 527-5539 Fax: 527-5540

OR

Real Property Assessment Division
1000 Uluohia Street, #206
Kapolei, Hawaii 96707
Telephone: 692-5541 Fax: 692-5550

If you mail the forms and supporting documentation to the Real Property Assessment Division, it must be postmarked by the United States Postal Service no later than September 30.

Totally Disabled Veterans

If you are a totally disabled veteran, due to injuries received while on active duty with the U.S. Armed Forces, your home is exempted from all property taxes except the minimum tax. For this special exemption, veterans must file a claim on form BFS-RP-P-6B (Rev. 8/96) on or before September 30. The home exemption will remain in effect as long as the veteran claiming the exemption remains totally disabled or the widow or widower of the totally disabled veteran remains unmarried.

Hansen's Disease
If you have Hansen's Disease and are confined because of the illness, you are exempt from real property taxes on your real property, up to but not exceeding a taxable value of $25,000. This is in addition to your regular or multiple home exemption. If you are on a temporary released status, you can retain your exemption during that period.

Claims for this special exemption must be filed on form BFS-RP-P-6 on or before September 30.

Blind, Deaf or Totally Disabled
If you have impaired sight or hearing or are totally disabled, you may file a claim on form BFS-RP-P-6 for a $25,000 real property tax exemption on property you own. This claim is in addition to the regular or multiple home exemption. Your condition must be certified by an authorized physician, who is licensed to practice medicine in the State of Hawaii. "Certification" will be determined on the basis of a written report resulting from an examination performed by the authorized physician.

The following requirements must be satisfied to qualify for the exemption:

Blind:
An individual whose eyesight does not exceed 20/200 in the better eye with corrective lenses or whose visual sharpness is greater than 20/200. In this latter case, the field of vision must have a width of 20 degrees or less.

Deaf:
An individual whose average loss in the speech frequencies (500/2,000) hertz) in the better ear is 82 decibels, A.S.A., or worse.

Totally Disabled:
A person who is totally and permanently disabled, either physically or mentally, which results in the person's inability to engage in any substantial gainful business or occupation. For example, medically-certified heart attack or stroke victims, unable to engage in any substantial gainful business or occupation may qualify for this exemption.

Once filed and granted, these home and real property exemptions do not have to re-filed annually, as long as all requirements continue to be met.

Revised Ordinances of Honolulu, Chapter 8, Portions of Section 8-10
Sec. 8-10.22 Historic residential real property dedicated for preservation:
(a) Portions of residential real property which are dedicated and approved by the director of finance as provided for by this section, shall be exempt from real property taxation

except as provided by Section 8-9.1. The owners shall assure reasonable visual access to the public.

(b) An owner of taxable real property, that is the site of a historic residential property that has been placed on the Hawaii Register of Historic Places after January 1, 1977, desiring to dedicate a portion or portions thereof for historic preservation, shall petition the director of finance.

(c) The director of finance shall review the petition and determine what portion or portions of the real property shall be exempted from real property taxes. The director shall consult with the state historic preservation office in making this determination. The director may take into consideration whether the current level of taxation is a material factor which threatens the continued existence of the historic property, and may determine the total area or areas of real property that shall be exempted.

(d) The approval of the petition by the director shall constitute a forfeiture on the part of the owner of any right to change the use of the owner's exempted property for a minimum period of 10 years, automatically renewable indefinitely, subject to cancellation by either the owner or the director upon five years' notice at any time after the end of the fifth year.

(e) Failure of the owner to observe the restrictions of subsection (d) of this section shall cancel the tax exemption and privilege retroactive to the date of the dedication, and all differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed by this section shall be payable together with interest at 12 percent per annum from the respective dates that these payments would have been due, provided the provision in this subsection shall not preclude the county from pursuing any other remedy to enforce the covenant on the use of the land.

(f) Any person who becomes an owner of real property that is permitted an exemption under this section shall be subject to the restrictions and duties imposed under this section.

(g) The director shall prescribe the form of the petition. The petition shall be filed with the director by September 1st of any calendar year and shall be approved or disapproved by October 31st of such year. The exemption provided for by this section shall be effective October 1st of the same calendar year.

(h) An owner applicant may appeal any determination as in the case of an appeal from an assessment.

(i) Subject to HRS Chapter 91, the director shall adopt rules and regulations decreed necessary to accomplish the foregoing.

Sec. 8-10.22, R.O. 1978 (1987 Supp. to 1983 Ed.); Am. Ord. 96-15)

Sec. 8-10.20 Exemption–Low-income rental housing.

(a) For the purposes of this section:

"Dwelling unit" means a room or rooms connected together, constituting an independent living unit and containing a single kitchen and at least one bathroom. A dwelling unit shall not include a unit used for time sharing or as a transient vacation unit.

"Housing project" means a rental housing project where at least 20 percent of the dwelling units are reserved for low-income residents. The housing project must be situated on (i) a single parcel of land, (ii) multiple parcels of land that are contiguous, or (iii) noncontiguous multiple parcels of land which are separated from each other only by a road or roads. If the housing project is comprised of multiple parcels of land, or is comprised of individual dwelling units, each situated upon a subdivided parcel of land, the regulatory agreement must specifically identify each such parcel of land or dwelling units as comprising the housing project.

"Kitchen" means a facility in a dwelling unit that exists when there are fixtures, appliances of devices for all of the following: (1) heating or cooking of food, (2) washing of utensils used for dining and food preparation and/or for washing and preparing food, and (3) refrigeration of food.

"Low-income" means the annual income of a household that does not exceed 80 percent of the area median income for the county as determined by the United States Department of Housing and Urban Development.

"Nonprofit or limited distribution mortgagor" means a mortgagor who qualifies for and obtains mortgage insurance under Sections 202, 221(d)(3) or 236 of the National Housing Act as a nonprofit or limited distribution mortgagor.

"Owner" shall include a lessee of the property whose lease term extends at least as long as the regulated period.

"Regulatory agreement" means an agreement between an owner and the federal government, state government or a political subdivision of the state government, or agency of the federal government, agency of the state government or agency of the political subdivision of the state government, embodying provisions regulating rents, charges, profits, dividends, development costs, and methods of operation, in accordance with the laws, policies, or rules of the federal government, state government or of the political subdivision of the state government, or agency of the federal government, agency of the state government or agency of the political subdivision of the state government.

"Regulated period" means the period during which a housing project is subject to a regulatory agreement, which shall not be less than 15 years.

(b) Real property which is owned and operated by (i) a nonprofit, limited distribution mortgagor, or (ii) a person, corporation, trust, partnership or association which is used for a housing project that is subject to a regulatory agreement shall be exempt from property taxes for the duration of the regulated period. This exemption shall be incorporated into any and all agreements, including regulatory and loan agreements as applicable.

(1) If the qualifying housing project is comprised of multiple parcels of land, each parcel comprising the housing project shall be exempt from property taxes.

(2) If the housing project fails to meet the requirements under this section at any time during the regulated period, the exemption shall be cancelled and the housing project shall be subject to taxes and penalties as determined in Section 8-10.21(c).

(3) If any portion of the housing project that qualifies for an exemption under this section is transferred during the regulated period, the exemption shall be cancelled and the entire housing project, including the portion retained, if any, and the portion transferred, shall be subject to the taxes and penalties pursuant to Section 8-10.21(c)(3). The taxes and penalties shall not apply to any portion of the housing project for which a new claim is filed for an exemption for low-income rental housing as described in this section within 30 days of the recordation or filing of the sale or transfer with the registrar of the bureau of conveyances or the assistant registrar of the land court, whichever is applicable, and the exemption is granted by the director.

(4) If the entire housing project is sold or otherwise transferred during the regulated period, a new claim for exemption must be filed within 30 days of the recordation or filing of such sale or transfer with the registrar of the bureau of conveyances or the assistant registrar of the land court, whichever is applicable. Failure to file a new claim for exemption or meet the qualifications under this section shall result in cancellation of the exemption and taxes and penalties imposed pursuant to Section 8-10.21(c).

(c) The exemption provided in this section shall not apply to any commercial portion of the property that is used for commercial or other purposes, and not for the primary use of the tenants of the housing project.

(d) Where a housing project is situated upon a single parcel of land, if any portion of the property is ineligible for the property tax exemption under this section:

(1) The remaining eligible portion shall not be deprived of the exemption;

(2) The ineligibility of a portion of the property for exemption under this section shall not disqualify that portion from exemption under any other law; and

(3) The tax shall be assessed upon so much of the value of the building and land thereunder as the proportion of the nonexempt floor area bears to the total floor area of the building.

(e) Exemptions claimed under this section shall disqualify the same property from receiving an exemption under HRS Section 53-38.

Sec. 8-10.21 Claim for exemption.

(a) Notwithstanding any provision in this chapter to the contrary, any real property determined by the director to be exempt from property taxes under Section 8-10.20 shall be exempt from property taxes effective as of the date the application is filed with the director; provided, that the initial application for exemption shall be filed with the director within 60 days of the qualification or in the failure thereof by September 30th preceding the tax year for which the exemption is claimed. A copy of the regulatory agreement that has been recorded with the registrar of the bureau of conveyances or filed with the assistant registrar of the land court, whichever is applicable, shall be filed with the application along with any additional documents determined by the director to be necessary to supplement the application. As used herein, the date of the qualification shall be the earlier of: (i) the date when the mortgage made by the nonprofit or limited distribution mortgagor and insured under Section 202, 221(d)(3) or 236 of the National Housing Act is recorded or (ii) the date the regulatory agreement is recorded with the registrar of the bureau of conveyances or the assistant registrar of the land court of the state, whichever is applicable.

For a housing project that qualified for an exemption from real property taxation under Section 8-10.20 before the effective date of this ordinance, the first application filed after the effective date of this ordinance shall be deemed the initial filing under this subsection.

After the initial year for which the real property has qualified for an exemption, a claim for an exemption shall be filed annually on or before September 30th, together with a document from the agency regulating the housing project certifying that the housing project continues to be in compliance with the initial regulatory agreements and is in compliance with the applicable low-income rental requirements in the manner provided by applicable law or rule.

(b) In the event property taxes have been paid to the county in advance for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to and paid for the period after the qualification.

(c) Cancellation of Exemption-Penalties.

(1) Notice by Director

Following the initial year for which real property has qualified for an exemption, if an owner fails to file a claim for continued exemption by the September 30th deadline, the director shall promptly mail a notice to the owner at the owner's address of record stating that unless a claim for continued exemption and all the necessary documents are received by the director by November 15th of the same year, the exemption shall be cancelled.

(2) Cancellation of Exemption

An owner who has been sent a notice under paragraph (1) by the director and who fails to file for an exemption by the November 15th deadline shall have the exemption cancelled and the housing project shall be subject to taxes and penalties pursuant to paragraph (3).

In the event the director finds that the initial or subsequent claim for exemption contains false or fraudulent information, the housing project fails to meet the requirements of Section 8-10.20 during the regulated period, or the owner fails to file annually during the regulated period as required under this section, the director shall cancel the exemption retroactive to the date the exemption was first granted pursuant to an initial filing under subsection (a), and the housing project shall be subject to the taxes and penalties determined in paragraph (3).

(3) Back Taxes and Penalties

In the event a housing project is subject to taxes and penalties as provided in paragraph (2), the differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed shall be payable, together with interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due shall be a paramount lien upon the real property.

If You Sell, Rent or Purchase Another Home

If there is any change which might affect your home exemption, such as no longer occupying the property as your home, ceasing to own the property, and/or renting the property during the tax year, then you must report the change (Form BFS-RP-P-43) to the Real Property Assessment Division, Department of Budget and Fiscal Services, City and County of Honolulu. The report must be submitted within 30 days of the change. Failure to file a report within 30 days of any change in status may result in a penalty and additional real property taxes being assessed.

Minimum $100 Real Property Tax

There is a $100 minimum real property tax. This means that every parcel of taxable real property, for which the computed tax amounts to less than $100, is liable for this minimum real property tax.

Know Your Tax Map Key Number

All real property is mapped and indexed by number according to a tax key system kept by the Real Property Assessment Division. The tax map key identifies your property and homeowners should know their numbers when inquiring about their property. Refer to your assessment notice for your tax map key number.

For additional information call:

Real Property Assessment Division
842 Bethel Street, Basement
Honolulu, Hawaii 96813
Telephone: (808) 527-5510 or 527-5539 Fax: 527-5540

OR

Real Property Assessment Division
1000 Uluohia Street, #206
Kapolei, Hawaii 96707
Telephone: (808) 692-5541 Fax: 692-5550